


II.	FISCAL SECTION
300	Budget Justifications

 **State share requirements for continuing contracts:** State share is not applicable for the federal fiscal year (FFY) 2012 budget year of October 1 2011 to September 30, 2012. Instead, a new type of contribution, “soft in-kind,” will be used to complement federal share funds

State share requirements for renewing contracts: State share is not applicable for the FFY 2012 budget year of October 1, 2011 to September 30, 2012. Instead, a new type of contribution, “soft in-kind,” will be used to complement federal funding.

Budget Adjustment Request (BAR) requirements for FFY 2012 renewing contracts will not have administrative relief; this means that no line item transfers and/or BARs will be allowed without executing a formal amendment.

The Network for a Healthy California (*Network*) will provide further guidance regarding in-kind guidelines for the upcoming FFY 2013 as information becomes available.

301 General Information

The following guidelines are for the federal funding portion of the Budget Justification (BJ) for *Network* for a Healthy California (*Network*) **Local Projects**. Amounts should reflect expenses that will be incurred during the budget year or federal fiscal year (FFY) from October 1, 2011 through September 30, 2012. For more information in determining what an allowable and qualifying expense is, refer to Section IV. Allowable and Unallowable Costs.

The budget justification (BJ) must be submitted for each budget year of the contract term. The funding is intended to support nutrition education interventions and physical activity promotions to Supplemental Nutrition Assistance Program (SNAP-Ed) eligible consumers.

USDA requires that organizations using Women, Infants, and Children (WIC) funds for the *Network* nutrition education activities must meet the following criteria and requirements: Program costs associated with WIC core services are unallowable; only soft in-kind nutrition education allocations that go above and beyond the WIC core education services may be leveraged for the *Network* federal funding.

For a one year contract, the end of the budget period is also the end of the contract term. Federal money left unspent at the end of the budget year (September 30, XXXX) may not be carried over to the next budget year or contract year.

302 Proration

Contractors are required to prorate all federal expenses and activities by full time equivalent (FTE), when a staff person is not dedicating 100 percent FTE to the *Network* contract. This proration ensures that the United States Department of Agriculture (USDA) funds will be directed only to contract activities and staff.

Contractors should use one of the following methodologies to calculate proration rates:

1. **Historical costs:** Contractor costs are based on previously documented expenses. This proration is best for determining higher than average costs.
2. **Allocated costs:** Contractor costs are based on set amount of expenses assigned to individual staff within an organization.
3. Contractors may use the following formula to determine program expenses within a Contractor organization:

$$\frac{\text{FTE of SNAP-Ed Staff}}{\text{FTE of Organization Staff}} = \text{Percentage to prorate}$$

4. Contractors must provide sufficient information on the budget justification to determine the calculation of expenses. All expenses (e.g. office space, travel, equipment, communication, etc.) must be prorated based on FTE of SNAP-Ed staff incurring the expense.

For example: A contractor may have a copy machine which allows them to enter a code into the machine before making copies. The machine can then give a detailed accounting of the codes allocated to different programs (e.g., SNAP-Ed and/or CalFresh) and the number of copies that were made for a program in proportion to the total number of copies. For copy machines without a coding system, contractors can determine the actual amount of each copy made on the machine. The proration would be determined by calculating the cost of paper, ink, maintenance, and depreciation, and then dividing by the number of copies made during a normal period. The contractor must keep source documentation of all expenditures, for site visits and audits.

303 Budget Justifications

General guidance on how to complete the Budget Justification (BJ) form (Appendix A1):

1. List the organization's legal name at the top of each page;
2. List the contract number at the top of each page;
3. Round off dollars and percentages to the nearest whole number;
4. On the Budget Cover Sheet (BCS) (Appendix A2) include a brief justification in red for each line item that has increased or decreased by five percent or more from the previous year's budget. The justification should include a brief explanation for the increase or decrease.
5. Use the BJ (Appendix A1) for the federal budget. If the space provided for the required information is not sufficient, contractors may modify the rows to add additional information as needed.

6. Place a revised footer date at the bottom of the page after edits to the BCS or BJ are made, in order to easily identify the most current version.
7. Use a calculator to check total calculations. Do not rely on formulas.
8. When adding rows or columns to the Excel form, make sure to format the cells, rows and/or columns, so that formulas are copied into the cells where applicable. Failing to copy formulas when adding rows or columns may result in incorrect calculations.
9. Space allocation, equipment, and non-program related travel must be prorated when a staff person is not dedicating 100 percent FTE to the *Network* contract.

For example: A project coordinator has an FTE of 75 percent on federal budget therefore rent for the space occupied by the project coordinator must be prorated based on the FTE. The *Network* would only reimburse for 75 percent of the rental costs.

An exception to the rule is when, a federally funded *Network* member of staff is on a reduced time base, but dedicates 100 percent to the *Network* program and has no other funding source for salary and benefits – then proration is not required.

10. Enter federal budget totals for each line item.
11. Provide both annual salary and FTE percentages for both administrative and direct delivery duties in the Personnel Salaries line item.
12. Provide subcontractor budget justification if hiring consultants and/or subcontractors (Appendix A6).
13. Contractors must adhere to USDA and *Network* deadlines in order to meet requirements for timely submission of the *Network* plan to USDA. Failure to comply with the timeline could cause lengthy delays in the contracting process and/or loss of opportunity to contract with the *Network* altogether.

304 Budget Line Item Definitions and Instructions

The contractor during contract negotiations and prior to finalizing the budget justification should work with their assigned CM, if they have any questions on completing the BJ line items.

A. **Personnel Salaries:** Describe and justify staffing information for each position budgeted for in the contract. Contract employees, subcontractors, or consultants are not to be included in the Personnel Salaries line item.

. Include all of the following information:

1. **Name and Position Title:** Enter the employee name(s). If there is more than eight staff per classification, indicate “multiple staff” and the total number of staff. The

amount of FTE each staff is contributing, and each employee's annual salary in parenthesis.

- Next to the employee name, list the employee's "position title". This should be one of the titles found on the list of [USDA-approved sample position descriptions \(Appendix A4\)](#).
- If the [sample title](#) differs from the employee's official title, list the official title in parenthesis below the [sample title](#).
- If a position is not filled, indicate "vacant" and/or TBD

Using [USDA-approved sample titles and position descriptions](#) is not mandatory, but highly recommended.

2. **Annual Salary:** Enter the annual salary used for each employee. When converting a monthly, semi-monthly, weekly or hourly salary to annual salary please use the standard 52 week year at 2,080 hours per year to make the calculation. Calculations should be based on [actual salaries](#). If the use of actual salaries is not feasible due to large numbers of staff, alternative methods of capturing rates (e.g., using average salaries for large numbers of teachers/staff) must be pre-approved by the assigned CM. If there is more than one staff member listed in one row, the salary listed should be a cumulative total of all the positions listed in that row.

For contracts starting in FFY 2011, USDA has requested using the following maximum salary guidelines:

- For school teachers/school administrators and for direct/non-executive personnel a \$78.30 (based on 1288 hours per year) hourly salary rate or a \$100,848 yearly salary.
- For administrative/executive/medical personnel a \$71.80 (based on 2,080 hours per year) hourly salary rate or a \$149,525 yearly salary.

Using this methodology, contractors may elect to utilize lower salary rates for such personnel up to this maximum salary rate. The maximum rates do not include fringe benefit costs.

For any contractor wishing to exceed the maximum salary rate, a justification is required, and will be considered on a case-by-case basis by the USDA, Western Regional Office (WRO) with the submission of the annual plan.

Contractors electing to utilize the maximum rate methodology will still be required to utilize *Network* approved time tracking methodologies and report "actual" salary rates up to the hourly salary cap.

3. **Total FTE allocated to *Network* Contract:** Enter the employees FTE as a decimal and not a percentage for allowable *Network* activities (e.g., 20 hours of a 40-hour week equals 0.50 FTE).

To make the calculations use a standard 52 week year at 2,080 hours, this includes school districts. For example, if the position is budgeted for 48 hours, the FTE would be calculated as $48/2080=0.0230$. Always carry the FTE total to four decimal places.

If there is more than one staff member listed in one row, the FTE listed should be a cumulative total of the FTEs of all of the positions listed in that row. For example, if five nurses are listed in one row and each nurse is budgeted at 0.10 FTE, the FTE listed for that row should be 0.50 FTE (5 nurses x 0.10 FTE).

4. **Percentage FTE Time for Administrative Duties allocated to Network Contract:** Estimate the percentage of time for each employee that is spent on administrative duties. (The percent of time entered for Administrative duties + the percent of time entered for Direct Delivery should add up to the percentage of FTE for each position listed.) Please enter as a percentage (e.g., 50 percent rather than a decimal 0.50 FTE).

Administrative Duties: Are expenses related to personnel positions that perform administrative duties (e.g., processing purchase orders, preparing invoices, collecting biweekly time logs, and performing general clerical duties, such as answering phones, ordering supplies and preparing correspondence, etc.).

5. **Percentage FTE Time for Direct Delivery Duties allocated to Network Contract:** Estimate the percentage of time for each employee that is spent on direct delivery or programmatic duties. (The percent of time entered for Administrative duties plus the percent of time entered for Direct Delivery should add up to the percentage of FTE for each position listed.) Please enter as a percentage (e.g., 50 percent rather than a decimal 0.50 FTE)

Delivery Duties: Are expenses related to personnel positions directly engaged in service/program delivery (e.g., nutrition education in the classroom, food demonstrations, community nutrition promotion activities, physical activity and nutritional aspects of gardening).

To help implement these requirements the following methodology may be used. If the majority of the activities of the staff member is administrative (e.g., an accounting assistant), then the contractor should allocate all of that person's FTE to the "Administrative Duties" column on the BJ. If the staff member is a registered dietitian, or working as a project coordinator, then the contractor should allocate that person's FTE to the "Direct Delivery" column on the BJ. This methodology has been discussed with the USDA WRO, and as long as the methodology is applied consistently, it would meet the USDA requirements.

For example, if a person is working as a project coordinator at 0.5 FTE, this would be 50 percent in the Direct Delivery duties column number (5) of the BJ. If the person was an administrative assistant at 0.75 FTE, this would be 75 percent in the administrative duties column number (4) of the BJ.

The percentages listed under columns number (4) (% administrative duties), and column number (5) (% direct delivery duties) should equal the FTE listed for each employee(s).

6. **Federal Total Dollars:** For each employee, calculate the total amount of dollars allocated to federal share by rounding off the dollars to the nearest whole number. Annual salary multiplied by total percentage FTE = Total Dollars.
7. **Total Dollars:** The sum of federal share salary dollars.

Position Description: Include a brief description of each employee's duties and responsibilities as they relate to nutrition education and physical activity promotion to USDA SNAP-Ed eligible persons. The BJ (Appendix A1) has a list of sample position descriptions. Any position description that is not applicable to your organization can be removed. If none of the sample position descriptions apply, you can add a short position description. The order of personnel listed in the Personnel Salaries line item should correspond directly with the list of position descriptions.

- B. **Fringe Benefits:** Fringe Benefits may include expenses such as statutory benefits, a comprehensive benefits package, or other benefits (e.g., medical, dental, vision coverage, long-term disability, accidental death insurance, retirement, and a tax-sheltered annuity program). Fringe Benefits may be calculated using various rates depending on individual factors. Indicate the Fringe Benefit percentage used for calculation on federal budget columns and indicate the total fringe in the total dollars column.
- C. **Operating Expenses:** Operating expenses include expenses for routine items such as; office supplies, postage, printing and duplication, overnight mail, communications (e.g., telephone, facsimile, and e-mail), and space-rent/lease (include formula for calculating space costs). Indicate the total expenses in the federal share total dollars column. Identify the major areas of operating expenses and provide a detailed cost breakdown of these expenses. The detailed cost breakdown should include the basis for the calculation.

For example, postage of \$440 equals 1,000 stamps at 44 cents each for nutrition newsletter to SNAP-Ed eligible persons. Operating expenses should be prorated based on the FTE dedicated to SNAP-Ed. If 7.0 FTE is dedicated to SNAP-Ed in an office of 10.0 FTE staff and all ten staff members use operating expenses, then the operating expenses budgeted for SNAP-Ed should be 70 percent of the total operating expense budget for the office. Please indicate the percentage used for prorating the expense and a justification for using the percentage.

Printing waiver requests are required for external printing jobs (i.e., printing jobs outside of the organization and/or department). Contractors with any external printing jobs in their budget justification must work with their assigned Network CM and complete an Office of State Publishing Specification form (Appendix 28).

Note: Non-routine and one-time types of expenses should be budgeted under the “Other Costs” line item and not Operating Costs.

D. **Equipment Expenses:** Equipment is defined as non-expendable property used to conduct allowable nutrition education activities and includes items such as; computers, televisions, VCRs/DVDs, cameras, and office furniture. Each item of equipment listed in the BJ must include the following information:

1. Description of the item(s).
2. Staff member(s) assigned to the equipment along with their FTE. (If the staff member is not 100 percent allocated to SNAP-Ed activities, the cost of the equipment must be prorated. Exception to the rule is when a staff member’s entire FTE is dedicated to SNAP-Ed activities even if their FTE is less than 100 percent. For example, an employee who is at 0.70 FTE, but who only works on SNAP-Ed activities would not need to prorate their equipment.
3. If the equipment is not used exclusively for allowable *Network* activities, and/or by a staff member budgeted at 100 percent FTE. Then the expense must be prorated by staff members FTE to include only the portion related to nutrition education.
4. Contractors are encouraged to include an explanation for why the equipment is necessary in order to execute the SOW. The Contractor should be able to tie equipment purchases to specific SOW objectives if necessary. Contractors may be required to submit a justification to their assigned CM for approval, upon request.

All computers and/or laptops purchased with *Network* funds and used to conduct State business must have encryption and anti-virus software installed that meet the minimum CDPH requirements, as detailed in Exhibit I of the resulting Network contract between CDPH and contractor. Once a contract has been issued, invoices may be held until installation of encryption software and anti-virus protection is verified by CDPH. Please refer to the *Network* program letter PL 11-06 for Information Technology (IT) protocols. Link provided: http://www.cdph.ca.gov/programs/cpns/Documents/PL_11-06_IT-Protocols.pdf

For further information on equipment and allowable equipment purchases refer to Section II. Fiscal Section, Subsection 800, Equipment Purchases.

E. **Travel and Per Diem Expenses:** For each trip include, position title of person(s) traveling, purpose of trip, and approximate cost. Indicate the travel and per diem expenses in the federal share and total dollars column. The current reimbursable State Department of Personnel Administration (DPA) maximum mileage rate is 55.5 cents per mile (effective July 1, 2011). Updates on current mileage rates can be found on the Department of Personnel Administration website <http://www.dpa.ca.gov/personnel-policies/travel/personal-vehicle-mileage-reimbursement.htm>

Sufficient funds should be budgeted for the following applicable training opportunities offered by the *Network*. (These training opportunities do not need to be prorated.)

1. Statewide *Network* Conference in Northern California.
2. Regional Collaborative Trainings or meetings.
3. CX³ Training (Renewing county health departments are required to attend two meetings).

4. One Regional SHAPE meeting (School district and county office of education contractors are required to attend. Contractors working with schools are recommended to attend).
5. Impact Evaluation Training (for those contractors with federal budgets over \$350,000).
6. A minimum of three (3) *Network*-Sponsored Skill-Based Training – trainings such as, facilitation, program delivery, and Harvest of the Month. Each contractor is required to attend one (1) *Network*-Sponsored Skill-Based Training each year, and should budget for the costs for each contract year.
7. *Network* Fiscal Training.
8. *Network* Media Training.
9. Youth Empowerment Training.
10. *Network* Steering Committee Meetings.

Prorate all non-*Network* sponsored travel and per diem by the percentage of FTE for all personnel traveling, and again by the percentage of allowable nutrition education and physical activity promotion included in the trip agenda. All non-*Network* sponsored conferences/trainings must be prorated, require state approval, and are subject to further justification if requested by *Network* staff. (Appendix A5)

The California Conference for Local Health Departments Nutritionists (CCLHDN) Annual Meeting which health departments are required to attend, will be prorated at 50 percent and prorated on the FTE of the staff attending, and mileage/transportation/lodging.

Travel and Per Diem expenses included on the federal budget, should be no greater than the current DPA rates as outlined in Section 900. Travel and Per Diem.

- F. **Subcontracts:** The use of subcontractors must be clearly defined and **should include both subcontractors and consultant costs.** The following information must be provided in the budget justification template for federal share costs:

1. Subcontractor name (if known), list as “TBD” if not known.
2. Brief description of services to be provided.
3. Basis for Costs (e.g., hourly or daily rate, **number** of hours/and or days to perform the deliverable).
4. **Percentage of FTE time for administrative duties, and/or direct delivery duties.**

The subcontractor line-item, in the budget justification is required to be completed for all subcontractors, and consultants.

If a consultant's services or stipends are budgeted for the contract term, **the following details must be provided in the Subcontractor line item:**

1. Consultant name;
2. Description of services to be provided;
3. **Number of consulting hours and the hourly/daily rate;**
4. **Total cost of services.**

The Contractor must submit the above information to the *Network* CM as soon as the agreement is negotiated with the subcontractor/consultant. USDA requires prior written authorization for all subcontracts/consultants. For further information on subcontractor and consultant agreements and fiscal requirements refer to Section 1000 Subcontractor and Consultant Agreements. Payment on federal invoices will be held until subcontract/consultant agreements are submitted to the *Network*.

- G. **Other Costs:** This line item includes non-routine, occasional, or one-time expenses such as; publications, training, administrative or educational materials that are required for the delivery of critical program services, and food for demonstration/taste testing purposes only. Provide a brief cost breakdown of all expenses including; price, number of items/participants, and time and number of events. Insert other costs expenses in the federal share and total dollars columns.

Food for demonstration/taste testing purposes: SNAP eligible consumers have the freedom of choice to purchase organic produce with their SNAP/Calfresh benefit, but should do cost comparisons. Network contractors can buy organic produce or recipe items when prices are comparable with their nonorganic counterparts. USDA requires purchases meet the “reasonable and necessary” criteria.

If nutrition education materials are included in the budget justification, please insert the following informational statement under the “Other Costs” budget line item: *“Nutrition Education Materials required for the delivery of critical program services which have prior CDPH approval and must comply with all State and Federal safety requirements with respect to production including Prop 65 requirements for lead content.”*

- H. **Indirect Costs:** Indirect Costs are defined as expenses not directly or exclusively associated with the project’s deliverables such as overhead or allocated expenses. Examples include; administrative, personnel, bookkeeping, payroll services, janitorial services, insurance, and audit expenses. Describe briefly the expenses associated with this line item. Calculations should be based on rates as indicated below for each budget. Contractors must submit documentation from their fiscal department that supports how the indirect rate was determined and calculated on an annual basis.

1. The indirect rate used to calculate this line item, should be your organization’s standard indirect rate. If an organization has a federally-negotiated indirect cost rate, this must be used. The USDA requires that federal indirect rates be the same, unless the organization provides justification.
2. If the organization's indirect costs are based on a modified amount, the organization must identify which expenses are not included in the calculations to arrive at the total Indirect Costs amount.
3. For colleges and universities most services take place off-campus. The off-campus rate is considered most appropriate to use, only if the majority of the nutrition education activities are conducted on campus.

Contractors should complete a Sample Certification Form for Indirect Costs each contract year to document their agency's indirect rate, if a federally-negotiated rate is not used.

- I. **Total Expenses:** Enter the sum of line items (A) through (H) to **calculate** the total expenses in the federal share and total dollars column.